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NATIONAL RESTAURANT ASSOCIATION

FOODSERVICE TRENDS

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analysis and interpretation
- the industry
- the market
- consumer behavior and attitudes

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CUSTOMER TRAFFIC DECLINES SHOWN BY CREST

CREST has recently completed its fourth year and can now provide us with detailed information concerning changes in consumer eating out patterns during the past four years. The following highlights are from the most recent year ending in August 1979. (For information related to consumer behavior in the summer, June-August quarter, see the CREST Report supplement.)

—CREST sales for the commercial sector of the foodservice industry posted a gain of 10.7 percent in the year ending in August 1979, for an increase similar to the 10.8 percent gain occurring in the year ending August 1978.

—Customer traffic actually declined by 1.1 percent from the third to the fourth CREST year, exerting a negative effect on sales. The decline in customer count was centered in the spring and summer quarters when traffic was down 2.4 and 9.1 percent respectively.

—The recent 10.7 percent gain in sales is attributed to an increase in average check size per eater, which was up 12.1 percent. Thus real sales declined by about 1.4 percent.

—The decline in customer traffic was due primarily to fewer families eating out in the most recent year. As some families dropped out of the market, the proportion of families eating out during a two week period moved downward from 79.20 percent in the year ended August 1978 to 78.45 percent in the year ended August 1979.

—Among those families who did eat out in the most recent year, however, number of occasions during a two week period was 9.00, similar to the 8.98 figure for the year ending August 1978.

—As customer traffic declined in the fourth CREST year, children seem to be the restaurant patrons most likely to be affected. While the number of parties comprised of adults only remained unchanged from the previous year, the number of occasions at which children were present declined more than 4 percent.

Additional information from the most recent CREST year concerning meal occasions, restaurant types and the fastest growing food and beverage items will appear in future issues of *Foodservice Trends*.

CREST Sales Components

Annual Comparison[1]
(September-August)

Eater Occasions		**Percent Change**
'76-'77	840.1 million	
'77-'78	872.7 million	+ 4%
'78-'79	862.3 million	− 1%
Eater Check Size (excluding tip)		
'76-'77	$1.86	
'77-'78	$1.99	+ 7%
'78-'79	$2.23	+12%

CREST Components of Customer Traffic

Percent of U.S. Families Eating Out		
'76-'77	78.72%	
'77-'78	79.20%	
'78-'79	78.45%	
Occasions for Families Eating Out		
'76-'77	8.97	
'77-'78	8.98	*
'78-'79	9.00	*
Average Party Size		
'76-'77	1.93	
'77-'78	1.98	+ 3%
'78-'79	1.97	*

*Less than 1%.
[1]Based on two week period.

NEW STUDY REVEALS CHARACTERISTICS OF FOODSERVICE INDUSTRY EMPLOYEES

Highlights

- **Over half of those employed in the foodservice industry work in eating and drinking places and one-fourth are employed as foodservice workers in institutions.**
- **Teenagers and women are especially prominent in the foodservice industry. Nearly one-fourth of industry employees are teenagers and 66 percent are women.**
- **Household incomes of foodservice employees compare favorably with U.S. averages. Approximately 56 percent of households having a foodservice employee report incomes of $12,000 or more compared to 52 percent of all U.S. households.**
- **Nearly thirty-five percent of foodservice employees work in service staff positions such as waiter/waitress or food counter worker.**
- **Thirty-one percent of those who work in the foodservice industry are employed in managerial and administrative positions.**
- **The foodservice industry employs nearly equal numbers of full-time and part-time workers.**

A recent survey conducted for the NRA by National Family Opinion (NFO), an independent research organization, has provided us with some useful information on the characteristics of foodservice industry employees such as where they are employed, what they do and who they are. This information is intended to supplement and expand on information provided by the Bureau of Labor Statistics. Readers may refer to the box on page 11 for background information on this survey and how it was conducted.

NRA FOODSERVICE TRENDS

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Slightly more than half (54 percent) of the foodservice industry's employees work for establishments commonly referred to as eating and drinking places. In addition, 25 percent of the industry's employees work in institutions such as hospitals, schools and colleges, and 13 percent are employed in foodservice facilities at commercial establishment such as department and drug stores, hotels and motels and recreational and sports centers. This information is summarized in the following table.

Foodservice Industry Employment

Type of Facility	Percent of Employment
Eating and drinking places	54%
Other commercial establishments	13%
Institutions	25%
Unclassified	8%

Prominent Foodservice Industry Employees: The Young and Women

A look at the table on page 3 shows that the typical foodservice employee differs in some respects from the average U.S. worker. Of particular interest is that foodservice industry employees tend to be substantially younger and are more likely to be female than the overall U.S. work force. The foodservice industry provides jobs with sufficient flexibility to meet the needs of both teens and working wives because work can be scheduled to fit in with other commitments, and number of hours can be adjusted to meet individual needs.

Nearly one-fourth of all industry employees are teenagers (ages 16 through 19), while only 9 percent of the total U.S. labor force is comprised of teens. The foodservice industry is the largest single employer of these young people, with one out of every five employed teens working in the foodservice industry. Thus, our industry is an important source of job opportunities for young workers.

Sixty-six percent of foodservice industry employees are women, compared to only 42 percent of the total U.S. labor force. Our industry offers women a wide variety of openings, not only in service and support positions but also in the managerial field. Over half (52 percent) of those holding managerial or supervisory level jobs in foodservice are women, well above the proportion of females (23 percent) in all managerial and administrative jobs.

Profile of Foodservice Industry Employees

	Foodservice Industry Employees			Total U.S. Labor Force
	Total	Male	Female	
Age of Employee				
16-19	24%	30%	21%	9%
20-24	14	20	11	15
25-34	18	21	17	26
35 +	44	30	52	50
Sex of Employee				
Male	34%	—	—	58%
Female	66	—	—	42
Annual Household Income				Total U.S. Households
Under $7,000	21%	16%	24%	28%
$ 7,000-$11,999	24	21	25	19
$12,000-$14,999	12	13	11	10
$15,000-$19,999	19	23	16	15
$20,000 +	25	28	24	27
Household Size				
1 Person	12%	11%	12%	22%
2 Persons	16	18	16	31
3 Persons	18	13	20	17
4 + Persons	54	58	52	30

Sources: NRA; Bureau of Labor Statistics.

Foodservice Employee's Family Income Compares Favorably With U.S. Average

Although the foodservice industry is often referred to as "low paying" it is notable that industry employees' household incomes compare favorably with those of all U.S. households, as is shown in the previous table. Fifty-six percent of the households to which foodservice industry employees belong report incomes of $12,000 or more, a slightly larger proportion than the 52 percent of all U.S. households earning more than $12,000. In addition, a smaller proportion of households with foodservice workers had incomes under $7,000 than was the case for all U.S. households, 21 percent versus 28 percent.

Foodservice workers are primarily from larger households, with over half (54 percent) belonging to households with four or more persons. On the other hand, only 12 percent are from single person households and 16 percent from two-person households.

These findings concerning teens, women and income support the results of an earlier study conducted for the NRA by Data Resources, Inc. concerning the impact of the minimum wage on the restaurant industry. That study showed that additional income from minimum wage increases in our industry frequently goes to middle and upper income households. The reason for this is that large numbers of teenagers and wives employed by the restaurant industry are supplementing other sources of household income.

Service and Support Staff Employment Predominates

Foodservice industry employment has been divided into four major categories for discussion purposes. These categories include service staff (those involved with serving customers), support staff (those involved with food preparation), maintenance workers and management and administrative staff.

The service staff, identified by occupation in the table on page 4, accounts for 35 percent of total industry employment. Females are more likely than males to be part of the service staff, with 89 percent of the waiter/waitresses and 81 percent of the food counter workers being female. On the other hand, bartenders are more likely to be male.

Nearly 28 percent of foodservice employees are classified as support staff, with most of these workers falling into the cook/chef category. Although male employees are far more likely to be among the support staff rather than the service staff (36.5 percent versus 24.5 percent), they are still outnumbered in all but two occupations shown. More men than women are employed in the industry as dishwashers and butcher/bakers; however, women outnumber men in each of the other support staff positions including the cook/chef category.

Our recent survey shows that service and support staff account for nearly 63 percent of foodservice industry employment.

Managerial and Administrative Workers Important To The Foodservice Industry

Managerial and administrative foodservice workers are an important part of our industry and account for 31.2 percent of our total industry's employment. Included in this group are those who classify themselves as management or supervisory level employees as well as cashiers and clerical workers. Again, women outnumber men by a ratio of two to one, primarily because of their predominance as menu planners, clerical workers and cashiers. While managers and supervisors are nearly equally likely to be male or female, a much larger proportion of male foodservice workers fall into this category than female workers, 28.9 percent versus only 15.9 percent.

Maintenance staff workers in the foodservice industry account for only slightly more than 2 percent of our total employment. Men predominante in this category with twice as many males as females employed as maintenance workers. Although the number of maintenance personnel may seem low in comparison to the number of establishments where meals and snacks are served, it should be kept in mind that employees in other positions may also do maintenance work, and institutions have their own maintenance forces who are not considered as working in the foodservice industry.

Four Major Occupations Dominate Industry

The major occupations, accounting for two-thirds of the foodservice industry employment, include waiters and waitresses, cooks and chefs, managers and supervisors and food counter workers. The accompanying table summarizes the differing characteristics of employees in these positions.

Foodservice Industry Employment by Occupation and Sex

	% of Total Emp.	% Male	% Female	% of All Male Emp.	% of All Female Emp.
Service Staff	34.7%	24.0%	76.0%	24.5%	40.0%
Waiter/waitress	22.4%	10.6%	89.4%	7.1%	30.3%
Food Counter/ Fountain	6.5%	19.0%	81.0%	3.7%	8.0%
Bus person	1.1%	81.5%	18.5%	2.7%	0.3%
Host/Hostess	0.8%	26.8%	73.0%	0.6%	0.8%
Bartender*	3.9%	90.3%	9.7%	10.5%	0.6%
Support Staff	27.9%	44.0%	55.4%	36.5%	23.4%
Cook/Chef	16.6%	42.2%	56.8%	20.8%	14.3%
Dishwasher	3.3%	75.1%	24.9%	7.4%	1.2%
Butcher/Baker	2.7%	78.4%	21.6%	6.2%	0.9%
Food Prep.	1.9%	19.5%	80.5%	1.1%	2.3%
Kitchen Aid	1.0%	11.0%	88.8%	0.3%	1.3%
Others	2.5%	9.3%	90.7%	0.4%	3.4%
Maintenance Staff	2.4%	66.4%	33.6%	4.7%	1.2%
Management/ Administrative Staff	31.2%	35.2%	64.8%	32.7%	30.6%
Manager/ Supervisor	20.2%	48.1%	51.9%	28.9%	15.9%
Cashier	3.4%	5.4%	94.5%	0.6%	4.9%
Clerical	4.4%	12.1%	87.9%	1.6%	5.8%
Sales/Burger	1.5%	34.8%	65.2%	1.6%	1.6%
Menu Planner/ Nutritionist	1.6%	—	100.0%	—	2.5%
All Others/No Answer	3.8%	13.8%	79.2%	1.6%	4.8%
Total	100.0%	33.6%	66.0%	100.0%	100.0%

*Bartenders working in establishments where no food is served are not included.

Demogrpahic Profile for Selected Foodservice Occupations, 1978

	Cook/ Chef	Waiter/ Waitress	Food Counter Worker	Managers/ Supervisors
Age				
16-19	22%	27%	52%	7%
20-24	14	15	18	16
25-34	17	20	9	20
35 +	46	38	21	57
Sex				
Male	42%	11%	19%	48%
Female	57	89	81	52
Household Income				
Under $7,000	24%	26%	16%	20%
$ 7,000-$11,999	29	26	13	24
$12,000-$14,999	10	12	18	7
$15,000-$19,999	19	20	12	18
$20,000 +	18	17	41	31
Household Size				
1 Person	9%	7%	4%	15%
2 Persons	19	18	4	17
3 Persons	16	17	23	22
4 + Persons	51	57	68	46

The majority of the food counter-fountain workers are likely to be employed by fast food outlets. Eight out of ten such workers are female, and half are teenagers. In addition, seven out of ten are from households with incomes above $12,000, and 41 percent belong to households with annual earnings of $20,000 or more. It is obvious, therefore, that these foodservice workers come from families where one or both parents work.

Eighty-nine percent of those employed in the waiter/waitress category are female compared to only 11 percent who are male. The largest proportion, 38 percent, of these workers are over 35 years old; however, teens are also likely to be waiters or waitresses with 27 percent of these workers being between the ages of 16 and 19. About half of all those in the waiter/waitress category belong to families whose incomes are in excess of $12,000.

Males are much more likely to be cooks or chefs than they are waiters or food counter workers (42 percent versus 11 percent and 19 percent respectively); however, more than half (57 percent) of all cooks and chefs are women. Foodservice workers in this occupation are more likely to be older, with 46 percent 35 years or older compared to 22 percent who are teenagers. The largest proportion of cooks, 29 percent, report family incomes of $7,000 to $11,999; however, 19 percent have

(continued on page 11)

NATIONAL RESTAURANT ASSOCIATION

CREST REPORT

Quarterly Supplement to Foodservice Trends

CREST Highlights

- **Industrywide Traffic Down 9%, Worst Decline in Four Years.**
- **CREST Study Helps Determine Which Families Are Eating Out Less.**
- **What Is CREST?**

INDUSTRYWIDE TRAFFIC DOWN 9%, WORST DECLINE IN FOUR YEARS

Restaurant customer traffic continued to weaken through the Summer Quarter (June, July, August) according to the most recent information from CREST. The initial downturn in traffic experienced during the months of March, April and May of 2.4 percent deepened in the Summer Quarter to 9.1 percent. This is the most severe decline experienced in CREST's four year history. The prevailing economic conditions and curtailing of vacation plans had led us to expect a decline from the preceeding Summer's record performance; however, the degree of softness within the industry is put into perspective when it is noted that the number of meals and snacks served by the commercial segment this Summer did not surpass that of two years ago.

While actual monthly traffic figures for June, July and August was not available from CREST, CREST was able to ascertain that the most severe drop in restaurant customer traffic occurred in late July and early August. During the latter part of August, however, customer traffic at restaurants began to improve. Preliminary retail sales figures for eating and drinking place sales in September show that in all probability the restaurant industry has continued to experience a recovery.

Fewer Families Eating Out and Eating Out Less Often

The softness in customer traffic in this recent quarter is due primarily to a dramatic decline in the number of times each restaurant patron family actually goes to a restaurant (visit frequency). This component had been increasing, although at a declining rate, in each of the previous four quarters. During the Summer Quarter, however, visit frequency was down 7.4 percent, accounting for more than three-fourths of the drop in total customer traffic.

In addition, the number of families eating out (family reach) also declined, compounding the adverse effect on traffic. The total number of families visiting a restaurant in the two week period declined by 3.4 percent from the same quarter last year. Penetration, defined as percentage of families reached, dropped in every income bracket, with the most severe loss coming from the lowest income families. This would seem to imply that inflation is driving these families out of the market. (See following article in the *CREST REPORT* on the demographic analysis of families who eat out.)

CREST
Components of Eater Occasions

# Families Reached	Sept.-Nov.	Dec.-Feb.	March-May	June-Aug.
'76-'77 % Change	+ .1%	−5.1%	− .6%	+1.4%
'77-'78 % Change	−1.1%	+1.3%	+2.5%	+1.9%
'78-'79 % Change	+1.3%	+ .6%	−1.8%	−3.4%
Visit Frequency (Occ./Eating Out Hld.)				
'76-'77 % Change	−9.8%	−9.6%	− .4%	−2.1%
'77-'78 % Change	−4.0%	−1.5%	−3.5%	+8.0%
'78-'79 % Change	+6.3%	+4.4%	+ .3%	−7.4%
Average Party Size (Persons/Occasion)				
'76-'77 % Change	−2.1%	+3.9%	+1.6%	+2.9%
'77-'78 % Change	+4.3%	+4.3%	+4.8%	−1.4%
'78-'79 % Change	−1.6%	− .5%	−1.0%	+1.4%

NOTE: Based on Total U.S., average 2 week period each quarter.

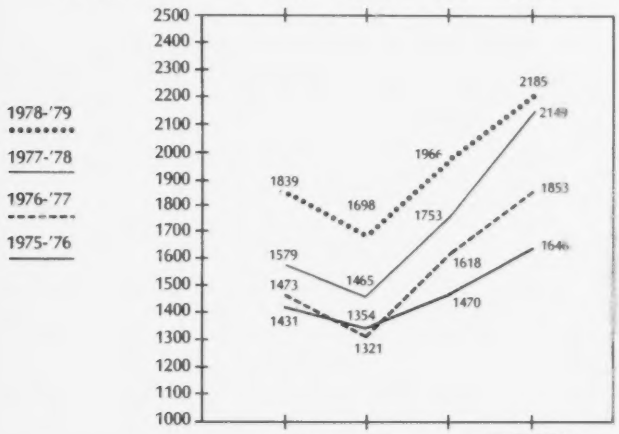
Restaurant Sales up Only 1.7%

The severity of the restaurant industry's decline is further substantiated by looking at the recent trend in dollar sales. Sales were up only 1.7 percent in 1979's Summer Quarter over the same quarter in 1978, the smallest gain in eleven quarters and a significant departure from the 15 percent average sales growth experienced in the preceding four quarters.

The following chart shows that average check size per eater was up 11.7 percent in the Summer Quarter over the same period last year. This is the third straight quarter in which the average check size has risen at double digit rates; however, the rate of increase in this

Total Restaurant Dollar Sales— National Average 2 Week Period Each Quarter

Qtr. Periods	Fall Sept.-Nov.	Winter Dec.-Feb.	Spring March-May	Summer June-Aug.
Dollars Mils.				
All Restaurants				
1975-'76	1431	1354	1470	1646
1976-'77	1473	1321	1618	1853
1977-'78	1579	1465	1753	2149
1978-'79	1839	1698	1966	2185



Percent Change Versus Year Ago.				
	+ 3.0%	− 2.4%	+10.1%	+12.6%
	+ 7.2%	+10.9%	+ 8.3%	+16.0%
	+16.5%	+15.9%	+12.1%	+ 1.7%

most recent quarter was below that experienced in the previous quarter, 11.7 percent versus 14.4 percent. Menu price increases, according to Consumer Price Index data, have been in the 11 percent range so far this year. Thus, much of the rise in average check size per person can be attributed to rising prices rather than an increase in the number of items ordered.

A comparison of the trends in eater occasions versus average check size per eater shows the continuing deterioration in the customer traffic component. Even with a slightly reduced rate of check size increase from the Spring Quarter, the decline in restaurant customer traffic was not slowed; in fact, it worsened. Gas shortages which affected much of the country together with a rate of price increase in excess of that for food at home during the Summer Quarter most likely curtailed consumers' willingness and ability to eat out.

Promotional Activity Increased in Summer Quarter

In an attempt to slow the decline in customer counts experienced by the industry in the Spring Quarter, operators offered consumers some price relief in the form of promotions. As shown in the following chart, it is normal for consumer promotional usage to decline substantially from the Spring to Summer Quarter; however, this Summer promotion usage by consumers on 6.4 percent of occasions was the highest for any Summer Quarter to date and only slightly below Spring's 6.7 percent. In addition, the 0.8 point change in usage from Summer '78 to Summer '79 was the largest year-to-year change ever reported by CREST.

Percent of Family Occasions Involving a Promotion

	Fall Sept.-Nov.	Winter Dec.-Feb.	Spring March-May	Summer June-Aug.
Year 2 ('76-'77)	6.5%	7.2%	6.8%	5.8%
Year 3 ('77-'78)	6.8%	7.4%	7.3%	5.6%
Year 4 ('78-'79)	7.3%	7.7%	6.7%	6.4%

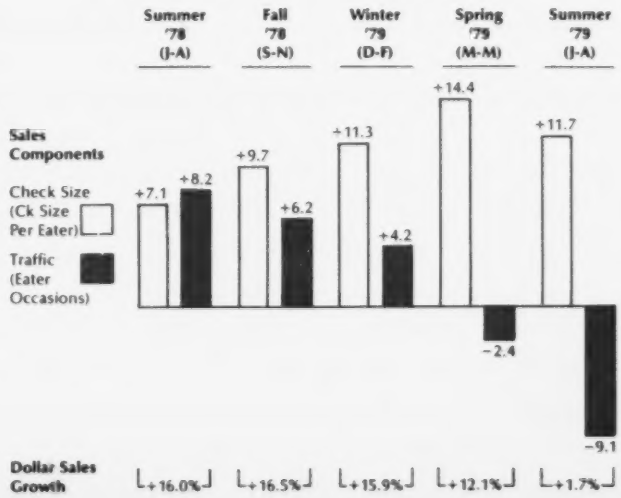
NOTE: Based on total U.S., average 2 week period.

Restaurant deals and promotional activity have played an important role for the industry, and were especially prevalent at the supper meal and at higher priced restaurants. Promotional activity increased most sharply on supper occasions where 10 percent of the meals were purchased via a promotion. Among perceived restaurant types, Atmosphere/Specialty types posted the largest increase in promotional meal purchases.

Snacking Occasions Suffer Largest Decline

The overall decline in customer traffic which affected the industry during the Summer Quarter did not affect

Contribution of Primary Sales Components to Sales Growth (Percent Change From Prior Year)



all meal periods equally. Snacking occasions at restaurants, which are the most discretionary of all eating occasions, suffered the largest decrease from last Summer's Quarter with a 10.8 percent drop. Lunch traffic, which had held up fairly well through the Spring, declined at a slightly faster rate than overall restaurant traffic in this most recent quarter, 9.7 percent versus 9.1 percent. We believe that this relatively poor performance for lunch traffic can be explained in part by the limited use of promotions for the luncheon meal as well as a leveling off in the number of persons employed which occurred during the later summer months. Breakfast customer count, which was subject to considerable growth last year, has, for this second straight quarter, performed as weakly as the industry in total.

Supper traffic in the Summer Quarter as in the previous quarter held up better than traffic for other meal occasions. As shown in the accompanying table, customer count for the supper meal was down a relatively small 6.6 percent. We believe that several factors have combined to produce this effect. First, because the gasoline shortage forced many families to postpone or curtail their vacation plans, supper away from home may have become a substitute form of entertainment. Second, the use of promotions were highest for the supper meal, most likely boosting supper customer count. Third, higher priced restaurants performed better overall than other types of restaurants, and they usually have supper as their main appeal.

Number of Occasions by Meal Period

Meal	Occasions (Millions) J-J-A '78	J-J-A '79	Percent Change
Breakfast	74.7	67.5	− 9.0%
Lunch	372.7	336.4	− 9.7%
Supper	388.0	362.2	− 6.6%
Snacks	246.2	219.6	−10.8%
Total*	1,090.4	991.7	− 9.1%

*Includes unspecified meal occasions.

Hamburger Share of Restaurant Sales Continues to Decline

The following table compares data on customer traffic, sales dollars and average check size in the most recent quarter with that for the same quarter last year for seventeen restaurant categories. Of the 17, thirteen served fewer customers in the Summer Quarter of 1979 than in the same quarter in 1978. A larger than average rise in prices helps to explain why many of the restaurant categories suffered large drops in customer traffic. For example, hamburger restaurants had increases in average check size of 12.8 percent compared to an industry average of 11.6 percent. Customer count at hamburger restaurants was off 12.6 percent, considerably higher than the 9.1 percent decline for all restaurants. On the ohter hand, full menu restaurant prices were up only 7.9 percent, and they experienced less than a one percent decrease in traffic.

Restaurant Category Analysis

	Share of Total Industry Dollars Jun/Aug '78	Jun/Aug '79	Percent Change from Prior Year Quarter Dollars	Traffic	Avg. Check
Total Restaurants	100.0%	100.0%	+ 1.7	− 9.1	+11.6
Hamburger	16.1	15.6	− 1.6	−12.6	+12.8
Other Sandwiches	1.8	2.0	+16.4	+ 8.5	+ 7.7
Budget Steak	2.7	2.5	− 4.9	−17.4	+15.0
Full Menu	28.3	29.7	+ 7.0	− .7	+ 7.9
Pancake	.6	.6	+11.3	+ 2.2	+ 8.9
Pizza	6.3	7.0	+13.5	− 1.7	+15.1
Fish	5.6	5.3	− 4.2	−16.1	+13.9
Chicken	4.4	4.5	+ 4.1	− 9.0	+14.1
Mexican	2.6	2.6	+ 3.3	−15.8	+23.2
Chinese	2.8	2.8	+ 1.3	− 9.9	+12.5
Ice Cream	3.3	3.0	− 6.3	−14.4	+10.5
Donut	.7	.6	−12.9	−20.6	+10.3
Pie	.1	.2	+71.9	+22.9	+37.8
Hotel	6.1	5.7	− 4.7	−15.7	+12.9
Cafeteria	3.4	3.5	+ 3.0	− 6.8	+10.6
Retail Stores	2.2	3.4	+56.2	+31.5	+18.7
Unclassified	13.1	10.9	−15.3	−27.5	+17.0

CREST STUDY HELPS TO DETERMINE WHICH FAMILIES ARE EATING OUT LESS

The restaurant industry experienced a slip of 2.4 percent in customer traffic during the Spring Quarter, March-May 1979, followed by a much larger decline of 9 percent in the Summer Quarter. During the most recent June-August 1979 quarter, CREST data show that not only are fewer families eating out but those who are continuing to eat away from home are going to restaurants less frequently.

The 9 percent drop in customer traffic this summer was the result of a decline of 3 percent in the number of families eating out as well as a 7 percent decline in the number of visits to restaurants. The drop in traffic

during the spring quarter was due entirely to fewer families eating out, however. In an effort to ascertain which families are eating out less, the NRA commissioned CREST to do a special analysis of the data it collects.

CREST information is helpful in pinpointing which family types are most responsible for these declining customer counts and identifying those families that have withdrawn from the market as well as those who have cut back on spending for meals away from home. NRA believes that this analysis should be useful to operators in designing and directing current advertising and promotional efforts.

Although all consumers responded to the rising inflation rate and gasoline shortage this past summer, some made greater shifts in their behavior than others. Two measures, penetration and dollar return, are used here to identify behavior changes made by families. Penetration refers to the proportion of families in a specific demographic group who visited a restaurant at least once in the two week period. Dollar return refers to the average dollars spent for all visits to restaurants by families who dined out. Family income, family size, age of the restaurant patron and residence of patrons have been used here to analyze behavior changes.

Upper Income Families Cut Back Spending

All income groups are behaving differently now than they did during the summer of 1978. The accompanying table shows that there has been some fall off in penetration or the percentage of families eating away from home in each family income segment. Those families with incomes under $15,000 were more likely than upper income families to drop out of the market completely, however. The proportion of families eating away from home declined 5 percent for those having incomes under $10,000 and 6 percent for those in the $10,000 to $14,999 class compared to more modest declines for those with incomes above $15,000. Similarly in the spring quarter lower income families were those who dropped out of the market while those with income above $15,000 maintained their level of restaurant spending.

Coming as a surprise in the June-August period, after viewing behavior this spring, is the cutback in share of food requirements satisfied at restaurants by families, especially those in the highest income group. Although families with incomes of $25,000+ spend more than twice as much money at restaurants as the lowest income group, their dollar expenditure declined 1 percent from the previous summer. When menu price increases averaging more than 11 percent are taken into consideration, we see that upper income families cut their expenditures at restaurants by more than 12 percent in real terms. Thus, the families who have the

CREST
Demographics—Family Income
Total U.S.
Avg. 2 Weeks, June-August

Family Income	Percent All Families	Industry Penetration**		Dollar Return*	
All Incomes					
1978	100.0%	82.3%		$42.09	
1979	100.0%	79.4	−3%	44.30	+5%
Less Than $10,000					
1978	25.3	68.6		26.53	
1979	22.1	63.1	−8	28.52	+8
$10,000-$14,999					
1978	19.7	82.7		34.86	
1979	18.6	77.5	−6	34.76	NC
$15,000-$19,999					
1978	18.6	84.5		40.55	
1979	17.5	82.8	−2	41.24	−2
$20,000-$24,999					
1978	15.3	88.2		46.45	
1979	16.0	85.0	−4	47.56	+2
$25,000+					
1978	21.2	91.6		60.36	
1979	25.8	88.6	−3	59.90	−1

*Avg. dollars spent for all visits to the industry per family reached.
**Pct. of Families in each group who visited a restaurant at least once in the 2 wk. period.

CREST
Demographics—Family Size
Total U.S.
Avg. 2 Weeks, June-August

Family Size	Percent All Families	Industryt Penetration**		Dollar Return*	
All Families					
1978	100.0%	82.3%		$42.09	
1979	100.0	79.4	−3%	44.30	+5%
2 Members					
1978	38.1	81.2		36.72	
1979	38.6	76.7	−6	37.62	+2
3-4 Members					
1978	42.7	83.6		43.54	
1979	42.9	81.7	−2	46.02	+6
5+ Members					
1978	19.2	81.4		49.40	
1979	18.5	79.5	−2	53.66	+9

*Avg. dollars spent for all visits to the industry per family reached.
**Pct. of Families in each group who visited a restaurant at least once in the 2 wk. period.

greatest cushion against the ravages of inflation and at first glance seem to be least likely to change their behavior reduced their spending a little more than any other income group. One explanation may be that these families are concentrated in large metropolitan areas where fuel shortages intensified the restaurant industry's problems this past summer.

Small Families Change Behavior

It is notable that small families have changed their behavior more than large families. More two member families were out of the market this past summer while those continuing to eat out made a deeper cut in their expenditures for food away from home than have large families.

There was a 6 percent decline in the proportion of two member families eating out during the summer quarter compared to only a 2 percent decline for larger families. In addition, dollars spent per family rose only 2 percent for small families indicating a real decline in expenditures of more than 9 percent when spending is adjusted for rising menu prices. (See Table on page 8.)

Two Age Groups Most Affected

Two of the eight age groups of restaurant customers have changed their behavior most. The proportion of families eating out or penetration was cut most for eaters 50 to 64 years of age and those 25 to 34. Dollar return per eater was most affected for those 18 to 24 and those under 6, on the other hand.

A further analysis of age groups by family income, which is currently being done at NRA's request and which will be highlighted in an upcoming issue of Foodservice Trends should further illuminate these behavior changes.

Behavior Differs In Metro Areas

The gasoline shortage, added to pressure from spiraling inflation, hit particularly hard in large metropolitan areas. As a result of the gasoline shortage, driving behavior during the summer was modified, fewer miles

CREST
Demographics—Age of Eater
Total U.S.
Avg. 2 Weeks, June-August

	Percent All Eaters	Industry Penetration**		Dollar Return*	
Total U.S.					
1978	100.0%	70.5%		$14.75	
1979	100.0	68.1	−3%	15.62	+6%
Under 6					
1978	9.8	64.8		8.36	
1979	9.8	62.9	−3	8.46	+1
6-12					
1978	14.3	67.1		8.90	
1979	14.0	66.5	−1	9.65	+8
13-17					
1978	9.1	62.0		10.51	
1979	9.1	61.2	−2	10.91	+4
18-24					
1978	8.6	62.3		15.14	
1979	8.0	62.4	NC	15.38	+2
25-34					
1978	17.5	77.0		16.53	
1979	18.0	73.1	−5	17.39	+5
35-49					
1978	17.7	77.3		16.73	
1979	17.8	74.3	−4	18.10	+8
50-64					
1978	15.5	75.1		18.96	
1979	15.4	70.5	−6	19.69	+4
65+					
1978	7.5	63.9		14.97	
1979	7.9	61.0	−4	16.29	+9

*Avg. dollars spent for all visits to the industry per eater reached.

**Pct. of Families in each group who visited a restaurant at least once in the 2 wk. period.

CREST
Demographics—Market Size
Total U.S.
Avg. 2 Weeks, June-August

Market Size	Percent All Families	Industry Penetration**		Dollar Return*	
Total Industry					
1978	100.0%	82.3%		$42.09	
1979	100.0	79.4	−3%	44.30	+ 5%
2.5MM+					
1978	18.6	86.3		50.94	
1979	18.8	81.9	−5	53.44	+ 5
1-2.5MM					
1978	20.3	82.7		44.36	
1979	19.1	81.4	−2	47.92	+ 8
Under 1MM					
1978	33.0	84.5		42.09	
1979	33.0	81.0	−4	42.98	+ 2
Out of SMSA					
1978	28.1	76.7		33.74	
1979	29.0	74.4	−3	36.97	+10

*Avg. dollars spent for all visits to the industry per family reached.

**Pct. of Families in each group who visited a restaurant at least once in the 2 wk. period.

were driven and gas consumption was down. Not surprisingly restaurant customers residing in large metropolitan areas where fuel shortages were severe were most likely to change their behavior.

The proportion of families living in the largest metropolitan areas who dined out this past summer was off 5 percent from the previous year followed by a decline of 4 percent for those living in metropolitan areas having fewer than 1 million residents. In addition, families living in areas with fewer than one million residents made the largest cuts in their expenditure for dining out, measured in real terms.

WHAT IS CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating-out Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry.

Some 10,000 families, or approximately 30,000 persons are chosen to reflect the U.S. and participate in the study. Each family is asked to record restaurant experiences for a particular two week period for each of the four quarters during the year. Because the study is repetitive, it allows an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires a daily entry for each meal during the two week period for each household member. Whenever the code for restaurant purchases appears. the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels or motels, fast food drive-ins, delicatessens, refreshment stands, carry outs, coffee shops, donut shops, ice cream shops or eating places inside variety stores or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges or other institutional feeding places. When the two week reporting period is complete, the diary is returned to NPD Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic research of any of the individual participants. The NRA is solely a participant in this study and not a sponsor.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on, etc. It will not tell people's attitudes toward a particular issue. It will, because it is an on-going study, allow comparison against a standard or the development of trend analysis, and enable the operator to make decisions based on documented trends rather than casual observation.

NEW STUDY: *continued from page 4*
incomes between $15,000 to $19,999 and 18 percent come from households with annual earnings in excess of $20,000.

Among management and supervisory foodservice personnel, over half or 57 percent are 35 or older and slightly less than half (48 percent) are men. Nearly six out of ten report family incomes in excess of $12,000 and 31 percent belong to families with incomes of $20,000 or more.

Part Time Workers More Prevalent In Foodservice Industry

The foodservice industry employs nearly equal proportions of full and part time workers, with 52 percent being part time employees. In contrast, more than three-fourths of all employed persons work full time, 35 or more hours each week.

The average number of hours worked by employees in the foodservice industry was 32 hours per week; however, hours worked varied substantially by sex and age of the employee, life cycle of the employee's family and type of foodservice establishment in which the employee works. As the accompanying table indicates, female employees are most inclined to work less than 20 hours per week while male employees are most likely to work 41 or more hours weekly. Teenage workers usually work 20 hours or less each week. Male employees over 25, many of whom are managers, are most inclined to work in excess of 41 hours each week.

Other factors which affect number of hours worked include family life cycle and type of establishment. When family life cycle is examined, it becomes evident that over time workers most frequently are bachelors or members of families consisting of a "working older couple." Foodservice employees in commercial establishments are more likely to be working more than 40 hours each week than are those in institutions by a ratio of three to one.

Foodservice Employees, Full and Part-Time

	Total	Male	Female
Less than 20 hours	32%	24%	36%
21-34 hours	20	11	25
35-40 hours	25	22	27
41 + hours	18	37	8
No Answer	5	5	5
Total	100%	100%	100%

BACKGROUND OF THE STUDY

The questionnaire for this survey, which was developed by National Family Opinion (NFO) in cooperation with the National Restaurant Association, consisted of a self-administered card directed to the female head of the household. If no female head was present, the card was directed to the male head. Survey participants were asked to complete a series of occupational information questions for each member currently employed in the foodservice industry. Prior to final printing, the questionnaire was pretested among a national sub-sample to insure comprehension.

The total sample base for the survey consisted of 13,129 NFO households, of this total, 10,000 families were contacted through NFO's monthly multi-card survey mailing in mid-November 1978. The remaining 3,129 single member households were contacted via an individual postcard mailing at the same time. These households were selected from NFO's universe of cooperating households to conform to projected population quotas for the nine geographical divisions, population density, age, annual household income and household size. These demographic criteria were used to insure adequate representation in this sample of the current population living in households.

Approximately four weeks after mailing, returns were closed with 9,652 questionnaires received, or a response rate of 73.5 percent. It should be noted that the sample for this survey did not include workers not living in households such as college students residing in dormitories or employees at bars where no food is served.

The survey was conducted in the closing months of 1978, a period which is reflective of average annual foodservice employment rather than employment during the peak summer months.

ROPER REPORTS: CONSUMERS SAY GAS SHORTAGE CURTAILED EATING OUT

In late August the Roper Organization questioned the public on how the gas shortage had altered their own or their family's life style. Of particular importance to restaurant operators is the fact that 22 percent said that more food was being eaten at home because family members were eating out less. This response may help restaurateurs to analyze why their establishments suffered a decline in customer count in July and August. A benefit to conveniently located restaurants, however, was revealed in one of the responses. Five percent said that they were eating in restaurants they had never tried before because they were easier to get to. The accompanying table summarizes the responses to this question and shows that the two primary results of the gas shortage were that fmailies spent more time at home and convenience played a primary role in planning shopping and entertainment trips.

In this same Roper polling, respondents were asked which of six things, if any, they had noticed or done because of the mandate by President Carter that all commercial building temperatures be kept at 78° in the summer. The overwhelming majoirty, 69 percent, said that this restriction had had no effect on their lives. Only 3 percent said that they had gone out less to eat in restaurants because they were not cool, but 13 percent said that they were staying home more because it was cooler there. Some of the respondents mentioned side effects because of the 78° mandate for commercial buildings such as being more tired at the end of the day because of being in warmer places and not being able to get as much done at work because of the higher temperature.

While many people have complained about the higher temperature restriction, the largest percentage, 47 percent, felt that keeping commercial buildings at 78° is a good way to conserve energy. Nineteen percent thought it was a bad idea and 20 percent said it did not matter one way or another.

What, if any, of the following have happened to you or your family this month as a result of the gas situation?

August 1979

Family members staying at home more	43%
Family doing more things around the house	22
More food being eaten at home because family members eating out less	22
Family members watching more television	18
Buying groceries in different stores than usual because they're more convenient	17
Buying things besides groceries in different stores than usual because they're easier to get to	13
Family discussing who can use the car for what reasons	13
Gone on drives and trips to different places than usual because they're easier to get to	12
People getting on each other's nerves because they can't get out of the house as much	10
Eating in restaurants never ate in before because they're easier to get to	5
None	38
Don't know	1

WHOLESALE FOOD PRICES ROSE IN SEPTEMBER

After registering a decline from July to August, wholesale food prices rose in the month of September, according to the Producer Price Index (PPI). In September, the index for all foods rose 1.6 percent from the August level following a decline of 0.2 percent in August. NRA's Food Cost Index (FCI), which measures wholesale food prices for eating places, rose at a higher rate of 2.6 percent from August to September compared to a 1.5 percent decrease in August.

Higher prices for beef and veal as well as pork and chicken were the primary cause of the September upsurge in wholesale prices. In addition, wholesale costs for dairy products, vegetable oil, fish and coffee also helped to push wholesale food costs upward. While prices for fresh fruits and vegetables were down in September, wholesale prices for processed fruits and vegetables rose because of higher processing and distribution costs.

During the first nine months of this year NRA's FCI was up 11.3 percent compared to the same period in 1978, while the PPI's all food rose at a slower rate of 10.2 percent. NRA's index reflects the higher wholesale costs for beef and veal which advanced 25.3 percent in the first nine months of 1979.

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month | year

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Signature — Expiration Date

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	CS002	Package B ($20.00)	
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	MG205	F.S. Op. Guide	
	MG155	Exec. Comp.	
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		Shipping and handling charges add 10%	
		TOTAL	

Package A
(Catalog No. CS 001)

1. Consumer Attitudes Towards Eating Out—1976
2. Consumer Reactions to Restaurant Promotions—1976
3. Survey of Senior Citizens' Eating Out Behavior—1977
4. Attitudes Toward Alcoholic Beverage Service in Restaurants—1977
5. Consumer Attitudes and Behavior in the Foodservice Market—1974
6. Selected Aspects of Fast Food Restaurants—1975
7. Selected Aspects of Take Out/Take Home Food Purchases—1976*

*Limited quantities available. Substitutions will be made without notice.

Package B
(Catalog No. CS 002)

1. Consumer Attitudes Towards Eating Out—1976
2. Consumer Reactions to Restaurant Promotions—1976
3. Survey of Senior Citizens' Eating Out Behavior—1977
4. Attitudes Toward Alcoholic Beverage Service in Restaurants—1977
5. Selected Social, Lifestyle and Economic Issues—1975
6. Selected Aspects of Coffee Shop Restaurants—1975
7. Selected Aspects of Shopping Trip Meal/Snack Purchases—1975

DON'T MISS OUT ON THE NEWEST 1979 FINDINGS . . .

FOODSERVICE SALES PANORAMA—the scope of the industry is shown by sales, growth, type of foodservice operation and next time someone asks you about your industry—you'll know. (MG 202, $15.00)

THE FOODSERVICE OPERATOR'S GUIDE TO BENEFIT PLANS FOR HOURLY WAGE EMPLOYEES—see how your personnel program compares to others in the industry. Meals, vacation, insurance, uniforms and holidays are just some of the topics covered. (MG 205, $12.50)

EXECUTIVE COMPENSATION AND BENEFITS IN THE FOODSERVICE INDUSTRY—this pioneering study summarizes a wide range of variable information regarding compensation to executives. Base salary, bonuses, profit sharing and other benefits are given for 29 positions (MG 155, $12.50)

Wholesale Food Price Index

	1977-1978	PERCENT CHANGE Sept. 1978-Sept. 1979	9 Mos. 1978-9 Mos. 1979	Aug. 1979-Sept. 1979
FARM PRODUCTS	7.8%	11.9%	28.6%	1.0%
Fresh and Dried Fruits and Vegetables	11.6%	0.1%	7.2%	(13.8%)
Eggs	(7.4%)	4.5%	14.8%	5.2%
PROCESSED FOODS AND FEEDS	7.7%	9.8%	10.4%	2.4%
Cereal and Bakery Products	9.9%	14.0%	9.3%	1.2%
Meat, Poultry and Fish	18.5%	6.9%	13.5%	6.3%
Dairy Products	6.5%	13.2%	13.0%	1.4%
Processed Fruits and Vegetables	6.8%	9.7%	11.1%	0.3%
Sugar and Confectionery	10.0%	7.3%	8.1%	(0.5%)
ALL FOOD[1]	10.6%	8.8%	10.2%	1.6%
NRA FOOD COST INDEX (FCI)	11.2%	6.6%	11.3%	2.6%

[1]Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

SOURCE: *Producer Price Index*, Bureau of Labor Statistics.

Readers are reminded that in early November the U.S. Department of Agriculture holds its annual Outlook Conference. Information presented at this conference will concentrate on food supplies in 1980 as well as a forecast for 1980's wholesale and retail food prices. We will be presenting the highlights from this conference in a future issue of *Foodservice Trends*.

Industry Index

RETAIL SALES (000,000)	**Sept. 1979**	**Percent Change vs. Year Ago**	**Year to Date Sept. 1979**	**Percent Change vs. Year Ago**
All Retailers	$72,153	**+8.9%**	$636,714	**+10.9%**
Eating & Drinking Places	$ 6,521	**+6.3%**	$ 56,632	**+ 8.6%**
Food Stores	$16,060	**+7.5%**	$143,104	**+11.4%**

(Source: Bureau of Census unadjusted data. Subject to revision.)

CONSUMER PRICES (September)	**Percent Change vs. Year Ago**	**Percent Change 1979 to Date vs. Year Ago**
Food at Home	+ 9.6%	+11.3%
Food Away From Home	+10.9%	+11.2%
All Items Less Food	+12.6%	+10.6%

(Source: Bureau of Labor Statistics.)

EATING PLACE INDICATORS (000,000)	**Aug. 1979**	**Percent Change vs. Year Ago**	**Year to Date**	**Percent Change vs. Year Ago**
Eating Place Sales	$6,139	**+ 7.6%**	$43,831	**+9.4%**

	Percent Change vs. Year Ago	**Percent Change Year to Date vs. Year Ago**
Real Eating Place Sales (August)	**– 3.6%**	**– 1.8%**

(Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations. Subject to revision.)

EMPLOYMENT AND EARNINGS	**July 1979**	**Percent Change vs. Year Ago**
Total Employment	4,670,000	+5.8%
Nonsupervisory Employment	4,294,100	+5.6%
Nonsupervisory Average Hourly Earnings	$3.43	+7.5%
Average Weekly Hours	27.3	–3.9%

(Source: Bureau of Labor Statistics.)

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